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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
SUGAR DIVISION

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## SUGAR ACT OF 1937, AS AMENDED

Public, No. 414, 75th Congress, approved September 1, 1937,  
as amended by Public, No. 660, 76th Congress, approved June  
25, 1940; Public Resolution No. 104, 76th Congress, approved  
October 10, 1940; and Public, No. 860, 76th Congress, approved  
October 15, 1940

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sugar degress by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) For direct-consumption sugar, derived from sugar beets and testing ninety-two or more sugar degrees by the polariscope, by multiplying the number of pounds thereof by 1.07;

(2) For sugar, derived from sugarcane and testing ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by 0.93;

(3) For sugar, derived from sugarcane and testing more than ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above ninety-two degrees;

(4) For sugar and liquid sugar, testing less than ninety-two sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972.

(5) The Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection (h).

(i) The term "total sugar content" means the sum of the sucrose (Clerget) and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

(j) The term "quota", depending upon the context, means (1) that quantity of sugar or liquid sugar which may be brought or imported into the continental United States, for consumption therein, during any calendar year, from the Territory of Hawaii, Puerto Rico, the Virgin Islands, the Commonwealth of the Philippine Islands, or a foreign country or group of foreign countries; (2) that quantity of sugar or liquid sugar produced from sugar beets or sugarcane grown in the continental United States which, during any calendar year, may be shipped, transported, or marketed in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce; or (3) that quantity of sugar or liquid sugar which may be marketed in the Territory of Hawaii or in Puerto Rico, for consumption therein, during any calendar year.

(k) The term "producer" means a person who is the legal owner, at the time of harvest or abandonment, of a portion or all of a crop of sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar.

(l) The terms "including" and "include" shall not be deemed to exclude anything not mentioned but otherwise within the meaning of the term defined.

(m) The term "Secretary" means the Secretary of Agriculture.



## TITLE II—QUOTA PROVISIONS

SEC. 201. The Secretary shall determine for each calendar year the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the month of December in each year for the succeeding calendar year and at such other times during such calendar year as the Secretary may deem necessary to meet such requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption, as indicated by official statistics of the Department of Agriculture, during the twelve-month period ending October 31 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and changes in consumption, as computed from statistics published by agencies of the Federal Government, with respect to inventories of sugar, population, and demand conditions; *and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he may deem necessary in the amount of sugar determined to be needed to meet the requirements of consumers, so that the supply of sugar made available to consumers shall not result in average prices to consumers in excess of those necessary to maintain the domestic sugar industry as a whole. The amount of such additional allowances shall not be less than the amount required, after allowance for normal carry-over, to give consumers in the continental United States a per capita consumption equal to the average of the two-year period 1937-38.*

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas by prorating among such areas 55.59 per centum of such amount of sugar (but not less than 3,715,000 short tons) on the following basis:

Area	Per centum
Domestic beet sugar-----	41.72
Mainland cane sugar-----	11.31
Hawaii-----	25.25
Puerto Rico-----	21.48
Virgin Islands-----	.24

(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating 44.41 per centum of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the

<sup>2</sup> Italicized part of this section was substituted by Public Res. No. 104, 76th Congress, approved Oct. 10, 1940, in lieu of the following: "and in order that the regulation of commerce provided for under this Act shall not result in excessive prices to consumers, the Secretary may make such additional allowances as he may deem necessary in the amount of sugar determined to be needed to meet the requirements of consumers, so that the supply of sugar made available under this Act shall not result in average prices to consumers in excess of those necessary to maintain the domestic sugar industry as a whole, and the amounts of such additional allowances shall be such that in no event will the amount of the total supply be less than the quantity of sugar required to give consumers of sugar in the continental United States a per capita consumption equal to that of the average of the two-year period 1935-1936."



excess of such amount over 3,715,000 short tons) on the following basis:

Area	Per centum
Commonwealth of the Philippine Islands-----	34. 70
Cuba-----	64. 41
Foreign countries other than Cuba-----	. 89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act.

The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

SEC. 203. In accordance with the applicable provisions of section 201, the Secretary shall also determine the amount of sugar needed to meet the requirements of consumers in the Territory of Hawaii, and in Puerto Rico, and shall establish quotas for the amounts of sugar which may be marketed for local consumption in such areas equal to the amounts determined to be needed to meet the requirements of consumers therein.

SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugar-cane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise the quota for foreign countries other than Cuba by prorating an amount of sugar equal to the deficit so determined to such foreign countries, on the basis of the prorations of the quota then in effect for such countries. *Provided, however,* That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.

(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all



other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this Act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar, or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's quota, after such hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, the Territory of Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; or the ability of such person to market or import that portion of such quota or proration thereof allotted to him. The Secretary may also, upon such hearing and notice as he may by regulations prescribe, revise or amend any such allotment upon the same basis as the initial allotment was made.

(b) An appeal may be taken, in the manner hereinafter provided, from any decision making such allotments or revision thereof, to the United States Court of Appeals for the District of Columbia in any of the following cases:

(1) By any applicant for an allotment whose application shall have been denied.

(2) By any person aggrieved by reason of any decision of the Secretary granting or revising any allotment made to him.

(c) Such appeal shall be taken by filing with said court within twenty days after the decision complained of is effective, notice in writing of said appeal and a statement of the reasons therefor, together with proof of service of a true copy of said notice and statement upon the Secretary. Unless a later date is specified by the Secretary as part of his decision, the decision complained of shall be considered to be effective as of the date on which public announcement of the decision is made at the office of the Secretary in the city of Washington. The Secretary shall thereupon, and in any event not later than ten days from the date of such service upon him, mail or otherwise deliver a copy of said notice of appeal to each person shown by the records of the Secretary to be interested in such appeal and to have a right to intervene therein under the provisions of this section, and shall at all times thereafter permit any such person to inspect and make copies of appellants' reasons for said appeal at the office of the Secretary in the city of Washington.



Within thirty days after the filing of said appeal the Secretary shall file with the court the originals or certified copies of all papers and evidence presented to him upon the hearing involved and also a like copy of his decision thereon and shall within thirty days thereafter file a full statement in writing of the facts and grounds for his decision as found and given by him and a list of all interested persons to whom he has mailed or otherwise delivered a copy of said notice of appeal.

(d) Within thirty days after the filing of said appeal any interested person may intervene and participate in the proceedings had upon said appeal by filing with the court a notice of intention to intervene and a verified statement showing the nature of the interest of such party together with proof of service of true copies of said notice and statement, both upon the appellant and upon the Secretary. Any person who would be aggrieved or whose interests would be adversely affected by reversal or modification of the decision of the Secretary complained of shall be considered an interested party.

(e) At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision, and if it enters an order reversing the decision of the Secretary it shall remand the case to the Secretary to carry out the judgment of the court: *Provided, however,* That the review by the court shall be limited to questions of law and that findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Secretary are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States, upon writ of certiorari on petition therefor, under section 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, sec. 347), by appellant, by the Secretary, or by any interested party intervening in the appeal.

(f) The court may, in its discretion, enter judgment for costs in favor of or against an appellant, and other interested parties intervening in said appeal, but not against the Secretary, depending upon the nature of the issues involved in such appeal and the outcome thereof.

(g) The Government of the Commonwealth of the Philippine Islands shall make allotments of any quota established for it pursuant to the provisions of this Act on the basis specified in section 6 (d) of Public Law Numbered 127, approved March 24, 1934.

SEC. 206. Until sugar quotas are established pursuant to this Act for the calendar year 1937, which shall be within sixty days after its enactment, the quotas determined by the Secretary in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the provisions of the Agricultural Adjustment Act, as amended, shall remain in full force and effect.

SEC. 207. (a) Not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for each of the calendar years 1937, 1938, and 1939 may be filled by direct-consumption sugar; and not more than four thousand nine hundred and thirty-six short tons, raw value, of the quota for Hawaii for the



calendar year 1940 may be filled, during the first two months of such year by direct-consumption sugar. *This subsection is hereby extended so that not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for any calendar year may be filled by direct-consumption sugar: Provided, however, That the amount of said quota which may be filled by direct-consumption sugar for the calendar year 1940 shall not be less than the quantity of direct-consumption sugar from Hawaii actually brought into the continental United States, for consumption therein, after December 31, 1939, and up to and including the date of the enactment of this amendatory sentence.*<sup>3</sup>

(b) Not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for each of the calendar years 1937, 1938, and 1939 may be filled by direct-consumption sugar; and not more than twenty-one thousand and six short tons, raw value, of the quota for Puerto Rico for the calendar year 1940 may be filled, during the first two months of such year by direct-consumption sugar. *This subsection is hereby extended so that not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for any calendar year may be filled by direct-consumption sugar: Provided, however, That the amount of said quota which may be filled by direct-consumption sugar for the calendar year 1940 shall not be less than the quantity of direct-consumption sugar from Puerto Rico actually brought into the continental United States, for consumption therein, after December 31, 1939, and up to and including the date of the enactment of this amendatory sentence.*<sup>3</sup>

(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

(d) Not more than eighty thousand two hundred and fourteen short tons, raw value, of the quota for the Commonwealth of the Philippine Islands for any calendar year may be filled by direct-consumption sugar.

(e) Not more than three hundred and seventy-five thousand short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct-consumption sugar.

(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

SEC. 208. Quotas for liquid sugar for foreign countries for each calendar year are hereby established as follows:

Country	In terms of wine gallons of 72% total sugar content
Cuba.....	7, 970, 558
Dominican Republic.....	830, 894
Other foreign countries.....	0

The quantities of liquid sugar imported into the continental United States during the calendar year 1937, prior to the enactment of this Act, shall be charged against the quotas for the calendar year 1937 established by this section.

<sup>3</sup> Italicized parts of this section added by Public, No. 860, 76th Congress, approved October 15, 1940.



SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the continental United States from the Territory of Hawaii, Puerto Rico, the Virgin Islands, the Commonwealth of the Philippine Islands, or foreign countries, any sugar or liquid sugar after the quota for such area, or the proration of any such quota, has been filled;

(b) From shipping, transporting, or marketing in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce, any sugar or liquid sugar produced from sugar beets or sugarcane grown in either the domestic-beet-sugar area or the mainland-cane-sugar area after the quota for such area has been filled;

(c) From marketing in either the Territory of Hawaii or Puerto Rico, for consumption therein, any sugar or liquid sugar after the quota therefor has been filled;

(d) From exceeding allotments of any quota or proration thereof made to them pursuant to the provisions of this Act.

SEC. 210 (a) The determinations provided for in sections 201 and 203, and all quotas, prorations, and allotments, except quotas established pursuant to the provisions of section 208, shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar, except that imported from foreign countries, shall be included with sugar in making the determinations provided for in sections 201 and 203 and in the establishment or revision of quotas, prorations, and allotments.

SEC. 211 (a) The raw-value equivalent of any sugar or liquid sugar in any form, including sugar or liquid sugar in manufactured products, exported from the continental United States under the provisions of section 313 of the Tariff Act of 1930 shall be credited against any charges which shall have been made in respect to the applicable quota or proration for the country of origin. The country of origin of sugar or liquid sugar in respect to which any credit shall be established shall be that country in respect to importation from which drawback of the exported sugar or liquid sugar has been claimed. Sugar or liquid sugar entered into the continental United States under an applicable bond established pursuant to orders or regulations issued by the Secretary, for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the applicable quota or proration for the country of origin.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

(c) The quota established for any domestic sugar producing area may be filled only with sugar or liquid sugar produced from sugar beets or sugarcane grown in such area: *Provided, however,* That any sugar or liquid sugar admitted free of duty from the Virgin Islands under the Act of Congress, approved March 3, 1917 (39 Stat. 1133), may be admitted within the quota for the Virgin Islands.

SEC. 212. The provisions of this title shall not apply to (1) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba, in any calendar year; (2) the first ten short tons, raw value, of sugar or liquid sugar imported from



any foreign country, other than Cuba, in any calendar year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from any foreign country, other than Cuba, in individual sealed containers of such capacity as the Secretary may determine, not in excess of one and one-tenth gallons each; or (4) any sugar or liquid sugar imported, brought into, or produced or manufactured in the United States for the distillation of alcohol, or for livestock feed, or for the production of livestock feed.

### TITLE III—CONDITIONAL-PAYMENT PROVISIONS

SEC. 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

(a) That no child under the age of fourteen years shall have been employed or permitted to work on the farm, whether for gain to such child or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane with respect to which application for payment is made, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed; and that no child between the ages of fourteen and sixteen years shall have been employed or permitted to do such work, whether for gain to such child or any other person, for a longer period than eight hours in any one day, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed. *The Secretary is authorized to make payments, notwithstanding a failure to comply with the conditions provided in this subsection, but the payments made with respect to any crop shall be subject to a deduction of \$10 for each child for each day or a portion of a day, during which such child was employed or permitted to work contrary to the foregoing provisions of this subsection in the 1937, 1938, and 1939 crops.*<sup>4</sup>

(b) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,* That a payment which would be payable except for the foregoing provisions of this subsection may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.

<sup>4</sup> Italicized part of this section added by Public No. 660—76th Congress, approved June 25, 1940.



(c) That there shall not have been marketed (or processed) an amount (in terms of planted acreage, weight, or recoverable sugar content) of sugar beets or sugarcane grown on the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect interstate or foreign commerce, in excess of the proportionate share for the farm, as determined by the Secretary pursuant to the provisions of section 302, of the total quantity of sugar beets or sugarcane required to be processed to enable the area in which such sugar beets or sugarcane are produced to meet the quota (and provide a normal carry-over inventory) as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.<sup>5</sup>

(d) That the producer on the farm who is also, directly or indirectly, a processor of sugar beets or sugarcane, as may be determined by the Secretary, shall have paid, or contracted to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing.

(e) That there shall have been carried out on the farm such farming practices in connection with the production of sugar beets and sugarcane during the year in which the crop was harvested with respect to which a payment is applied for, as the Secretary may determine pursuant to this subsection, for preserving and improving fertility of the soil and for preventing soil erosion, such practices to be consistent with the reasonable standards of the farming community in which the farm is situated.

The conditions provided in subsection (a) and in subsection (b) with respect to wage rates, of this section shall not apply to work performed prior to the enactment of this Act; and the condition provided in subsection (c) of this section shall not apply to the marketing of the first crop harvested after the enactment of this Act from sugar beets or sugarcane planted prior to such enactment.

SEC. 302 (a) The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share for the farm, as determined by the Secretary, of the

<sup>5</sup> This subsection was made inapplicable to the 1940 crop of mainland sugarcane by the enactment of Section 1 of Public Res. No. 104, 76th Congress, approved Oct. 10, 1940, which provides: "That no payment under the Sugar Act of 1937 with respect to the 1940 crop shall be withheld from any producer in the mainland cane-sugar area, because of the marketing (or processing) of sugarcane in excess of the proportionate share for the farm, if the acreage of sugarcane grown on the farm and marketed (or processed) for sugar in the crop year 1940 is not in excess of the acreage of sugarcane for sugar planted prior to January 1, 1940, but payments shall be made only with respect to the proportionate share acreage established for the farm under the provisions of such Act, and the following deductions shall be made from such payments, on account of any acreage of sugarcane grown on the farm and marketed (or processed) for sugar in the crop year 1940 which is in excess of (1) 110 per centum of the proportionate share for the farm, or (2) the proportionate share for the farm plus twenty-five acres, whichever is the greater; for so much of such excess as does not exceed five hundred acres, a deduction of \$10 per acre; for so much of such excess as exceeds five hundred acres, a deduction of \$20 per acre: *Provided*, That the foregoing provision shall be effective only if the Secretary determines that the actual production from the 1940 crop acreage shall not exceed the estimated production of the 1940 proportionate share acreage of five hundred and five thousand tons."



quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carryover inventory) estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share-tenants, adherent planters, or share-croppers.

(c) Payments shall be effective with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm and which shall have been marketed (or processed by the producer) on and after July 1, 1937.

SEC. 303. In addition to the amount of sugar or liquid sugar with respect to which payments are authorized under subsection (a) of section 302, the Secretary is also authorized to make payments, on the conditions provided in section 301, with respect to bona-fide abandonment of planted acreage and crop deficiencies of harvested acreage, resulting from drought, flood, storm, freeze, disease, or insects, which cause such damage to all or a substantial part of the crop of sugar beets or sugarcane in the same factory district (as established by the Secretary), county, parish, municipality, or local producing area, as determined in accordance with regulations issued by the Secretary, on the following quantities of sugar or liquid sugar: (1) With respect to such bona-fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary; and (2) with respect to such crop deficiencies of harvested acreage of sugar beets or sugarcane, the excess of 80 per centum of the normal yield of commercially recoverable sugar or liquid sugar for such acreage for the farm, as determined by the Secretary, over the actual yield.

SEC. 304. (a) The amount of the base rate of payment shall be 60 cents per hundred pounds of sugar or liquid sugar, raw value.

(b) All payments shall be calculated with respect to a farm which, for the purposes of this Act, shall be a farming unit as determined in accordance with regulations issued by the Secretary, and in making such determinations, the Secretary shall take into consideration the use of common work stock, equipment, labor, management, and other pertinent factors.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:



That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	Reduction in the base rate of payment per hundred-weight of such portion
500 to 1,500-----	\$0. 050
1,500 to 6,000-----	. 075
6,000 to 12,000-----	. 100
12,000 to 30,000-----	. 125
More than 30,000-----	. 300

(d) Application for payment shall be made by, and payments shall be made to, the producer or, in the event of his death, disappearance, or incompetency, his legal representative, or heirs: *Provided, however*, That all producers on the farm shall signify in the application for payment the per centum of the total payment with respect to the farm to be made to each producer: *And provided further*, That payments may be made, (1) in the event of the death, disappearance, or incompetency of a producer, to such beneficiary as the producer may designate in the application for payment; (2) to one producer of a group of two or more producers, provided all producers on the farm designate such producer in the application for payment as sole recipient for their benefit of the payment with respect to the farm; or (3) to a person who is not a producer, provided such person controls the land included within the farm with respect to which the application for payment is made and is designated by the sole producer (or all producers) on the farm, as sole recipient for his or their benefit, of the payment with respect to the farm.

SEC. 305. In carrying out the provisions of titles II and III of this Act, the Secretary is authorized to utilize local committees of sugar beet or sugarcane producers, State and county agricultural conservation committees, or the Agricultural Extension Service and other agencies, and the Secretary may prescribe that all or a part of the expenses of such committees may be deducted from the payments herein authorized.

SEC. 306. The facts constituting the basis for any payment, or the amount thereof authorized to be made under this title, officially determined in conformity with rules or regulations prescribed by the Secretary, shall be reviewable only by the Secretary, and his determinations with respect thereto shall be final and conclusive.

SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, and Puerto Rico.

## TITLE IV—EXCISE TAXES WITH RESPECT TO SUGAR

### DEFINITIONS

SEC. 401. For the purposes of this title—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "manufactured sugar" means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added) equal to more than 6



per centum of the total soluble solids, and except also sirup of cane juice produced from sugarcane grown in continental United States. The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

(c) The term "total sugars" means the total amount of the sucrose (Clerget) and of the reducing or invert sugars. The total sugars contained in any grade or type of manufactured sugar shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition).

(d) The term "United States" shall be deemed to include the States, the Territories of Hawaii and Alaska, the District of Columbia, and Puerto Rico.

#### TAX ON THE MANUFACTURE OF SUGAR

SEC. 402. (a) Upon manufactured sugar manufactured in the United States, there shall be levied, collected and paid a tax, to be paid by the manufacturer at the following rates:

(1) On all manufactured sugar testing by the polariscope ninety-two sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) On all manufactured sugar testing by the polariscope less than ninety-two sugar degrees, 0.5144 cent per pound of the total sugars therein.

(b) Any person who acquires any sugar which is to be manufactured into manufactured sugar but who, without further refining or otherwise improving it in quality, sells such sugar as manufactured sugar or uses such sugar as manufactured sugar in the production of other articles for sale shall be considered for the purposes of this section the manufacturer of manufactured sugar and, as such, liable for the tax hereunder with respect thereto.

(c) The manufacturer shall file on the last day of each month a return and pay the tax with respect to manufactured sugar manufactured after the effective date of this title (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within twelve months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid): *Provided*, That the first return and payment of the tax shall not be due until the last day of the second month following the month in which this title takes effect.

For the purpose of determining whether sugar has been sold or used within twelve months after it was manufactured sugar shall be considered to have been sold or used in the order in which it was manufactured.

(d) No tax shall be required to be paid upon the manufacture of manufactured sugar by, or for, the producer of the sugar beets or



sugarcane from which such manufactured sugar was derived, for consumption by the producer's own family, employees, or household.

#### IMPORT COMPENSATING TAX

SEC. 403. (a) In addition to any other tax or duty imposed by law, there shall be imposed, under such regulations as the Commissioner of Customs shall prescribe, with the approval of the Secretary of the Treasury, a tax upon articles imported or brought into the United States as follows:

(1) On all manufactured sugar testing by the polariscope ninety-two sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) On all manufactured sugar testing by the polariscope less than ninety-two sugar degrees 0.5144 cent per pound of the total sugars therein;

(3) On all articles composed in chief value of manufactured sugar 0.5144 cent per pound of the total sugars therein.

(b) Such tax shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such Act, except that for the purposes of sections 336 and 350 of such Act (the so-called flexible tariff and trade-agreements provisions) such tax shall not be considered a duty or import restriction, and except that no preference with respect to such tax shall be accorded any articles imported or brought into the United States.

#### EXPORTATION, LIVESTOCK FEED, AND DISTILLATION

SEC. 404. (a) Upon the exportation from the United States to a foreign country, or the shipment from the United States to any possession of the United States except Puerto Rico, of any manufactured sugar, or any article manufactured wholly or partly from manufactured sugar, with respect to which tax under the provisions of section 402 has been paid, the amount of such tax shall be paid by the Commissioner of Internal Revenue to the consignor named in the bill of lading under which the article was exported or shipped to a possession, or to the shipper, if the consignor waives any claim thereto in favor of such shipper: *Provided*, That no such payment shall be allowed with respect to any manufactured sugar, or article, upon which, through substitution or otherwise, a drawback of any tax paid under section 403 has been or is to be claimed under any provisions of law made applicable by section 403.

(b) Upon the use of any manufactured sugar, or article manufactured therefrom, as livestock feed, or in the production of livestock feed, or for the distillation of alcohol, there shall be paid by the Commissioner of Internal Revenue to the person so using such manufactured sugar, or article manufactured therefrom, the amount of any tax paid under section 402 with respect thereto.



(c) No payment shall be allowed under this section unless within one year after the right to such payment has accrued a claim therefor is filed by the person entitled thereto.

#### COLLECTION OF TAXES

SEC. 405. (a) Except as otherwise provided, the taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

(b) All provisions of law, including penalties, applicable with respect to the taxes imposed under title IV of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect to the tax imposed by section 402. If the tax is not paid when due there shall be added as part of the tax interest at 6 per centum per annum from the date the tax became due until the date of payment.

(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such rules and regulations as may be necessary to carry out all provisions of this title except section 403.

(d) Any person required, pursuant to the provisions of section 402, to file a return may be required to file such return with and pay the tax shown to be due thereon to the collector of internal revenue for the district in which the manufacturing was done or the liability incurred.

#### EFFECTIVE DATE

SEC. 406. The provisions of this title shall become effective on the date of enactment of this Act.

### TITLE V—GENERAL PROVISIONS

SEC. 501. For the purposes of this Act, except title IV, the Secretary shall—

(a) Appoint and fix the compensation of such officers and employees as he may deem necessary in administering the provisions of this Act: *Provided*, That all such officers and employees except attorneys, economists, experts, and persons in the employ of the Department of Agriculture on the date of the enactment of this Act, shall be subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended: *And provided further*, That no salary in excess of \$10,000 per annum shall be paid to any such person.

(b) Make such expenditures as he deems necessary to carry out the provisions of this Act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals and newspapers.

SEC. 502. (a) There is hereby authorized to be appropriated for each fiscal year for the purposes and administration of this Act, except for allotments in the Philippine Islands as provided in subsection (g) of section 205, a sum not to exceed \$55,000,000.



(b) All funds available for carrying out this Act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal Government as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.

SEC. 503. There is authorized to be appropriated an amount equal to the amount of the taxes collected or accrued under title IV on sugars produced from sugarcane grown in the Commonwealth of the Philippine Islands which are manufactured in or brought into the United States on or prior to *June 30, 1942*,<sup>6</sup> minus the costs of collecting such taxes and the estimates of amounts of refunds required to be made with respect to such taxes, for transfer to the Government of the Commonwealth of the Philippines for the purpose of financing a program of economic adjustment in the Philippines, the transfer to be made under such terms and conditions as the President of the United States may prescribe: *Provided*, That no part of the appropriations herein authorized shall be paid directly or indirectly for the production or processing of sugarcane in the Philippine Islands.

SEC. 504. The Secretary is authorized to make such orders or regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this Act. Any person knowingly violating any order or regulation of the Secretary issued pursuant to this Act shall, upon conviction, be punished by a fine of not more than \$100 for each such violation.

SEC. 505. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the provisions of this Act or of any order or regulation made or issued pursuant to this Act. If and when the Secretary shall so request, it shall be the duty of the several district attorneys of the United States, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties and forfeitures provided for in this Act. The remedies provided for in this Act shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.

SEC. 506. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209, or any person who brings or imports into the continental United States direct-consumption sugar after the quantities specified in section 207 have been filled, shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such, (a) of that quantity of sugar or liquid sugar by which any quota, proration, or allotment is exceeded, or (b) of that quantity brought or imported into the continental United States after the quantities specified in section 207 have been filled, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

SEC. 507. All persons engaged in the manufacturing, marketing, or transportation of sugar or liquid sugar, and having information which the Secretary deems necessary to enable him to administer the provisions of this Act, shall, upon the request of the Secretary,

<sup>6</sup> Changed from June 30, 1941, by Public No. 860, 76th Congress, approved Oct. 15, 1940.



furnish him with such information. Any person willfully failing or refusing to furnish such information, or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than \$1,000 for each such violation.

SEC. 508. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than two years, or both.

SEC. 509. Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

SEC. 510. The provisions of the Agricultural Adjustment Act, as amended, shall cease to apply to sugar upon the enactment of this Act, and the provisions of Public Resolution Numbered 109, Seventy-fourth Congress, approved June 19, 1936, are hereby repealed.

SEC. 511. In order to facilitate the effectuation of the purposes of this Act, the Secretary is authorized to make surveys, investigations, including the holding of public hearings, and to make recommendations with respect to (a) the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane and (b) the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane.

SEC. 512. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act and for the benefit of agriculture generally in any area. Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

SEC. 513. *The powers vested in the Secretary under this Act shall terminate on December 31, 1941, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1941 and previous crop years.*<sup>7</sup>

<sup>7</sup> This Section was substituted by Public No. 860, 76th Congress, approved Oct. 15, 1940, in lieu of the following: "SEC. 513. No tax shall be imposed on the manufacture, use, or importation of sugar after June 30, 1941, and the powers vested in the Secretary under this Act shall terminate on December 31, 1940, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1940 and previous crop years."

Section 2 of Public No. 860 extends the tax on sugar to June 30, 1942. That Section reads as follows: "SEC. 2. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"SEC. 3508. TERMINATION OF TAXES.—No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1942."



